

SENATE BILL 188

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2003 Regular Session
3r0036

By: **Chairman, Education, Health, and Environmental Affairs (By Request -
Departmental - Labor, Licensing and Regulation)**

Introduced and read first time: January 27, 2003

Rules suspended

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable

Senate action: Adopted

Read second time: February 20, 2003

CHAPTER _____

1 AN ACT concerning

2 **Certified Public Accountancy - Limited Permits - Firm Ownership by**
3 **Nonlicensees**

4 FOR the purpose of authorizing certain individuals who are not licensed to practice
5 certified public accountancy to have an ownership interest in a firm issued a
6 limited permit for the practice of certified public accountancy by the State Board
7 of Public Accountancy under certain circumstances; and generally relating to
8 the practice of certified public accountancy.

9 BY repealing and reenacting, with amendments,
10 Article - Business Occupations and Professions
11 Section 2-416
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2002 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Business Occupations and Professions**

17 2-416.

18 (a) The Board may issue a limited permit for the practice of certified public
19 accountancy on a specific job to a partnership if:

1 (1) [each partner is licensed to practice certified public accountancy in
2 this or another state or in a foreign country] A SIMPLE MAJORITY OF THE
3 OWNERSHIP OF THE PARTNERSHIP, IN TERMS OF FINANCIAL INTERESTS AND
4 VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE CERTIFIED
5 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

6 (2) ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE
7 PARTNERSHIP AND IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC
8 ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN THE
9 PARTNERSHIP;

10 [(2)] (3) at least 1 general partner and any other partner who practices
11 or intends to practice accountancy in the State is licensed by the Board under § 2-309
12 or § 2-320 of this title; and

13 [(3)] (4) the requirements of subsection (d) of this section are met.

14 (b) The Board may issue a limited permit for the practice of certified public
15 accountancy on a specific job to a limited liability company if:

16 (1) [each member is licensed to practice certified public accountancy in
17 this or another state or in a foreign country] A SIMPLE MAJORITY OF THE
18 OWNERSHIP OF THE LIMITED LIABILITY COMPANY, IN TERMS OF FINANCIAL
19 INTERESTS AND VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE
20 CERTIFIED PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

21 (2) ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE
22 LIMITED LIABILITY COMPANY AND IS NOT LICENSED TO PRACTICE CERTIFIED
23 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN
24 THE LIMITED LIABILITY COMPANY;

25 (3) EACH MEMBER WHO PRACTICES OR INTENDS TO PRACTICE
26 ACCOUNTANCY IN THE STATE IS LICENSED BY THE BOARD UNDER § 2-309 OR § 2-320
27 OF THIS TITLE; and

28 [(2)] (4) the requirements of subsection (d) of this section are met.

29 (c) The Board may issue a limited permit for the practice of certified public
30 accountancy on a specific job to a corporation if:

31 (1) [each shareholder is licensed to practice certified public accountancy
32 in this or another state or in a foreign country] A SIMPLE MAJORITY OF THE
33 OWNERSHIP OF THE CORPORATION, IN TERMS OF FINANCIAL INTERESTS AND
34 VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE CERTIFIED
35 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

36 (2) ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE
37 CORPORATION AND IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC
38 ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN THE
39 CORPORATION;

1 [(2)] (3) each shareholder who practices or intends to practice
2 accountancy in this State is licensed by the Board under § 2-309 or § 2-320 of this
3 title; and

4 [(3)] (4) the requirements of subsection (d) of this section are met.

5 (d) In order to qualify for a limited permit under this section a corporation,
6 limited liability company, or partnership shall:

7 (1) not have a place of business in this State;

8 (2) submit to the Board an application on the form that the Board
9 provides; and

10 (3) pay to the Board an application fee of \$25.

11 (e) A limited permit authorizes the partnership, limited liability company, or
12 corporation to conduct a business through which certified public accountancy is
13 practiced only for the specific job for which it was issued, as set forth by the Board.

14 (f) (1) The Board shall set the term for each limited permit issued under
15 this section.

16 (2) The term for a limited permit may not be set for more than 1 year and
17 may not exceed the term of a limited license held by a partner, member, or
18 shareholder for the job in question.

19 (3) A limited permit becomes effective and expires on the dates set by the
20 Board.

21 (g) Subject to the hearing provisions of § 2-412 of this title, the Board may
22 deny or revoke a limited permit for any ground as may be applicable under § 2-410 of
23 this title.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect October 1, 2003.